

**CITY OF SAN JOSE
AND
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 230
CITY PACKAGE PROPOSAL FOR SETTLEMENT B**

In November 2009, the City Council approved a goal of a 5% ongoing total compensation reduction. In approving the Mayor's Budget Message on March 23, 2010, the City Council established an additional goal for an additional 5% in personnel cost savings, including ongoing or one-time savings, to achieve a total reduction of 10%.

PERIOD OF MEMORANDUM OF AGREEMENT

Term: July 1, 2009 – June 30, 2011

WAGES

See Attached (City Proposal #3)

HEALTH INSURANCE COST SHARING

See Attached (City Proposal #9)

HEALTHCARE HMO PLAN DESIGN

See Attached (City Proposal #10)

SICK LEAVE PAYOUT FOR CURRENT EMPLOYEES

See Attached (City Proposal #21)

SICK LEAVE PAYOUT FOR NEW HIRES

See Attached (City Proposal #22)

RETIREMENT COST MITIGATION

See Attached (City Proposals #24, #25, #26, #27, #29, #31, #57, #60)

RETIREE HEALTHCARE FUNDING

See Attached (City Proposal #30)

CITY-PAID UNION RELEASE TIME

See Attached (City Proposal #35)

HEALTH AND/OR DENTAL IN LIEU

See Attached (City Proposal #61)

MINIMUM STAFFING

See Attached (City Proposal #62)

**CITY OF SAN JOSE
AND
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 230
CITY PACKAGE PROPOSAL FOR SETTLEMENT B**

HEALTHCARE DUAL COVERAGE

See Attached (City Proposal #68)

TOTAL COMPENSATION REDUCTION (ONE-TIME)

See Attached (City Proposal #69)

This is a package proposal. This package proposal is submitted in an attempt to reach a settlement. In the event the package proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including, but not limited to, the effective dates of the specific changes. In the event of interest arbitration, final proposals are not limited to and need not reflect the issues or proposals made during bargaining.

CITY PROPOSAL #3

Proposal Wages

Proposed Language

ARTICLE 5 WAGES AND SPECIAL PAY

5.1 Wages and Special Adjustments

~~Effective July 3, 2005, all persons represented by the IAFF shall receive a wage increase of 1.50%.~~

~~Effective July 2, 2006, all persons represented by the IAFF shall receive a wage increase of 5.70%.~~

~~Effective July 1, 2007, all persons represented by the IAFF shall receive a wage increase of 5.70%.~~

~~Effective June 29, 2008, all persons represented by the IAFF shall receive a wage increase of 3.75%.~~

~~Any general wage increase during the term of the MOA will be reduced by the cost of any additional premium pay for Special Operations effective on or after the first pay period of that fiscal year.~~

Effective June 27, 2010, all salary ranges for employees holding positions in classifications assigned to IAFF, Local 230, shall be decreased by approximately 4.65%. This will result in the top and bottom of the range of all classifications represented by IAFF, Local 230 being 4.65% lower. All employees will receive a 4.65% base pay reduction.

CITY PROPOSAL #9

Proposal Healthcare Benefits

Proposed Language

ARTICLE 6 INSURANCE BENEFITS

6.1 Health Insurance Coverage.

6.1.1 Eligible employees may elect health insurance coverage under one (1) of the plans for employee only or for employee and dependents. As of the effective date of this Agreement, the plans include: Kaiser, Blue Shield HMO, and Blue Shield POS/PPO.

~~6.1.2 The City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay ten percent (10%) of the premium of the lowest cost plan up to a maximum of \$25.00 per month. Any additional amount above the cost of the lowest priced plan, less \$25.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

~~6.1.3 Effective January 1, 2007, the City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of \$100.00 per month. Any additional amount above the cost of the lowest priced plan, less \$100.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

6.1.24 ~~Effective January 1, 2008, the~~The City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of \$150.00 per month. Any additional amount above the cost of the lowest priced plan, less \$150.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.

6.1.3 Effective June 27, 2010, the City will pay eighty-five (85%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay fifteen (15%) percent of the premium of the lowest cost plan. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

CITY PROPOSAL #10

Proposal Co-pays for HMO Plans

Proposed Language

ARTICLE 6 INSURANCE BENEFITS

6.1.5 ~~Effective January 1, 2008, c~~Co-pays for all available HMO plans shall be as follows:

- a) Office Visit Co-pay shall be increased to \$10.
- b) Prescription Co-pay shall be increased to \$5 for generic and \$10 for brand name.
- c) Emergency Room Co-pay shall be increased to \$50.

6.1.6 Effective July 1, 2010, co-pays for all available HMO plans shall be as follows:

- a) Office Visit Co-pay shall be increased to \$25.
- b) Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name.
- c) Emergency Room Co-pay shall be increased to \$100.
- d) In-patient/Out-patient Procedure Co-pay shall be increased to \$100.

CITY PROPOSAL #21

Proposal Sick Leave Payout for current employees

Proposed Language

26.2 Sick Leave Payoff. ~~There shall be paid to each full-time employee of the City:~~

Active Police & Fire Department Retirement members in the Fire Department who retire with at least twenty (20) years of service directly from active City service are eligible to receive, upon retirement, payout for a portion of their unused earned sick leave at the rate of:

~~26.2.1 Who qualifies for retirement and retires from the service of the City under and pursuant to the provisions of any applicable retirement plan of the City except Chapter 3.28 of Title III, of the San José Municipal Code, other than a full-time employee who retires or becomes eligible for retirement allowances pursuant to the provisions of Section 3.24.510, Section 3.32.370, or Section 3.36.1630 of the San José Municipal Code; or~~

~~26.2.2 Who qualifies for retirement and retires from the service of the City under and pursuant to the provisions of Chapter 3.28 of Title III of the San José Municipal Code, and who, at the time of such retirement, is credited with at least fifteen (15) years or twenty (20) years of service, whichever is applicable, in said retirement plan; or~~

~~26.2.3 Whose service with the City is terminated, and who, subsequent to such termination of service, qualifies for retirement and retires pursuant to the provisions of said Section 3.24.510, Section 3.32.370 or Section 3.36.1630, of the San José Municipal Code, and who, at the time of such retirement, is credited with at least fifteen (15) or twenty (20) years of service in the applicable retirement plan; or~~

~~26.2.4 To the estate of any full-time employee who had terminated service with the City but had retained rights in a retirement system according to provisions in the SJMC, and dies (on or after July 10, 1977) prior to becoming as cited under provisions of the SJMC, and has at the time of death credit for at least twenty (20) years of service in the applicable retirement plan.~~

~~26.2.15 To the estate of any full-time employee of the City of San José who dies prior to such retirement, even though the employee is not credited with at least fifteen (15) or twenty (20) years of service in any applicable retirement plan, as additional compensation for not having used all or some of their accumulated sick leave with pay, such compensation as shall equal the greatest of the following:~~

~~(a) If such full-time employee, at the time of retirement or death, shall have accumulated and has to their credit less than four hundred (400) hours, or five hundred sixty (560) hours for any full-time employee who is assigned to twenty four (24) hour shifts, of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to fifty percent (50%) of the employee's hourly rate of pay at the time of death, retirement, or termination, whichever is earlier, multiplied by the total number of the~~

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~~employee's accumulated and unused hours of sick leave as of the date of death or retirement;~~

- ~~(b) If such full-time employee, at the time of retirement or death, shall have accumulated and has to their credit, at least four hundred (400) hours, or five hundred sixty (560) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, but less than eight hundred (800) hours, or one thousand one hundred twenty (1,120) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to sixty percent (60%) of the employee's hourly rate of pay at the time of death, retirement or termination, whichever is earlier, multiplied by the total number of the employee's accumulated and unused hours of sick leave as of the date of death or retirement;~~
- ~~(c) If such full-time employee, at the time of retirement or death, shall have accumulated and has to their credit at least eight hundred (800) hours, or one thousand one hundred twenty (1,120) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, but less than one thousand two hundred one (1,201) hours, or one thousand six hundred eighty (1,680) for any full-time employee who is assigned to twenty-four (24) hours shifts, of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to eighty percent (80%) of the employee's hourly rate of pay at the time of death, retirement or termination, whichever is earlier, multiplied by the total number of the employee's accumulated and unused hours of sick leave as of the date of death or retirement;~~
- ~~(d) If a full-time employee, at the time of service retirement or death, has accumulated and has to their credit at least one thousand two hundred one (1,201) hours, or one thousand six hundred eighty (1,680) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, or greater of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to one hundred percent (100%) of the employee's hourly rate of pay at the time of death or service, whichever is earlier, multiplied by the total number of accumulated and unused hours of sick leave as of the date of death or retirement. If after retirement the employee switches from service to disability retirement, the employee shall repay to the City the difference in sick leave payout between service and disability retirement (e.g. one hundred percent (100%) service, eighty percent (80%) disability).~~

40 Hour Employee	
No. of Hours	Payout
<u>Less than 400 hours</u>	<u>Hours accumulated x 50% of final hourly rate</u>
<u>400 – 799 Hours</u>	<u>Hours accumulated x 60% of final hourly rate</u>
<u>800-1200</u>	<u>Hours accumulated x 75% of final hourly rate</u>

56 Hour Employee	
No. of Hours	Payout
<u>Less than 560</u>	<u>Hours accumulated x 50% of final hourly rate</u>
<u>560 – 1119 Hours</u>	<u>Hours accumulated x 60% of final hourly rate</u>
<u>1120 – 1680</u>	<u>Hours accumulated x 75% of final hourly rate</u>

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<u>1200+</u>	<u>Hours</u> <u>accumulated x</u> <u>final hourly rate</u>
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<u>1680+</u>	<u>Hours</u> <u>accumulated x</u> <u>final hourly rate</u>
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Distribution of payouts to eligible employees in accordance with the above, who retire before June 27, 2010, shall be made no later than February 1, 2011.

Effective June 27, 2010, Police & Fire Department Retirement Plan members in the Fire Department who retire with at least twenty (20) years of service are eligible to receive, upon retirement directly from City service, a payout for a portion of their unused earned sick leave at the rate of:

40 Hour Employee	
<u>No. of Hours</u>	<u>Payout</u>
<u>Less than 400 hours</u>	<u>Hours</u> <u>accumulated x</u> <u>50% of final hourly rate</u>
<u>400 – 1200 Hours</u>	<u>Hours</u> <u>accumulated x</u> <u>60% of final hourly rate</u>
<u>There shall be no payout for any hours over 1200</u>	

56 Hour Employee	
<u>No. of Hours</u>	<u>Payout</u>
<u>Less than 560</u>	<u>Hours</u> <u>accumulated x</u> <u>50% of final hourly rate</u>
<u>560 – 1680 Hours</u>	<u>Hours</u> <u>accumulated x</u> <u>60% of final hourly rate</u>
<u>There shall be no payout for any hours over 1680</u>	

26.2.26 For purposes of payment of accumulated sick leave as provided in this Article, sick leave accumulated during prior periods of employment shall be credited to the employee. Such previously accumulated sick leave shall be credited to the employee for use during such employee's current employment.

26.2.37 Employees are only eligible for one sick leave payout while employed by the City of San Jose, including breaks in employment.

26.2.4 Employees who separate from City service on or before June 26, 2010, and have 20 years of service, shall be eligible for a sick leave payout at the rate that is available at the time of their retirement, as specified above.

26.2.7 ~~For purposes of the sick leave payoff benefit, service with the Central Fire District will be counted as years of service for the City for former employees of the Central Fire District who transferred to the City under the consolidation.~~

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CITY PROPOSAL #22

Proposal Sick Leave Payout for new employees

Proposed Language

ARTICLE 26 SICK LEAVE

26.2.5 Employees hired by the City on or after June 27, 2010, and who are eligible for distribution of payouts, shall receive a payout for a portion of their unused sick leave at the rate of:

40 Hour Employees		56 Hour Employees	
<u>No. of Hours</u>	<u>Payout</u>	<u>No. of Hours</u>	<u>Payout</u>
<u>0-750 Hours</u>	<u>Hours accumulated x 25% of final hour rate</u>	<u>0-1050 Hours</u>	<u>Hours accumulated x 25% of final hourly rate</u>

CITY PROPOSAL #24, #25, #26, #27, #29, #31, #57, #60 – RETIREMENT COST MITIGATION

Retirement Benefits Reopener

The parties agree to commence meeting and conferring within fifteen (15) calendar days of the City providing written notice to IAFF on retiree healthcare benefits for future employees and pension benefit/costs for current and future employees.

The City and IAFF shall negotiate in good faith in an effort to reach a mutual agreement.

CITY PROPOSAL #30

Proposal Retiree Healthcare Funding

Proposed Language

ARTICLE 29 RETIREE HEALTHCARE FUNDING

(Current Article 29 and subsequent articles to be re-numbered)

- 29.1 The City and the Union agree to transition from the current partial pre-funding of fire retiree medical and dental healthcare benefits (referred to as the “policy method”) to pre-funding of the full Annual Required Contribution (ARC) for the fire retiree healthcare benefits plan (“Plan”). The transition shall be accomplished by phasing into fully funding the ARC over a period of five (5) years beginning June 28, 2009. The Plan’s initial unfunded retiree healthcare liability shall be fully amortized over a thirty year period so that it shall be paid by June 30, 2039 (closed amortization). Amortization of changes in the unfunded retiree healthcare liability other than the initial retiree healthcare liability (e.g. gains, losses, changes in actuarial assumptions, etc.) shall be determined by the Plan’s actuary. The City and Plan members (active employees) shall contribute to funding the ARC in the ratio currently provided under Section 3.36.575 (C) (1) and (2) of the San Jose Municipal Code. Specifically, contributions for retiree medical benefits shall be made by the City and members in the ratio of one-to-one. Contributions for retiree dental benefits shall be made by the City and members in the ratio of three-to-one. When determining the contribution rates for the Plan, the Plan actuary shall continue to use the Entry Age Normal (EAN) actuarial cost method and a discount rate consistent with the pre-funding policy for the Plan as outlined in this Article.
- 29.2 The City and the Union further agree that the Municipal Code and/or applicable plan documents shall be amended in accordance with the above agreement and that the Union will support such amendments.
- 29.3 It is understood that in reaching this agreement, the parties have been informed by cost estimates prepared by the Police and Fire Department Retirement Plan Board’s actuary, and that the actual contribution rates to reach full pre-funding of retiree healthcare will differ. The phase-in to the ARC shall be divided in five steps (using a straight line method), each to be effective on the first pay period of the City’s fiscal year in each succeeding year. The first increment of the phase-in shall be effective on June 28, 2009. It is understood that because of changes resulting from future actuarial valuations, the amount of each increase may vary upward or downward.
- 29.4 The City will establish a qualified trust (“Trust”) before June 30, 2011.
- 29.5 It is the objective of the parties that the Trust created pursuant to this agreement shall become the sole funding vehicle for Fire retiree healthcare benefits, subject to any legal restrictions under the current plan, or other applicable law.

CITY OF SAN JOSE – IAFF NEGOTIATIONS

CITY PROPOSAL #35

Proposal City-Paid Union Release Time

Proposed Language

ARTICLE 49 UNION RIGHTS

Release Time.

Employees of the San Jose Fire Department are not permitted to attend employee organization/Union meetings during work hours.

Paid Release Time is permitted under the following circumstances:

- Attendance at Meet and Confer sessions between the employee organization/Union and the City. The number of such employees is limited by the provisions of the Employee-Employer Resolution #39367 (City Policy Manual).
- Attendance at scheduled meetings with management, such as scheduled grievance meetings by a designated representative of the employee organization/Union.
- Any other union related release time must receive prior approval by the Fire Chief and the Office of Employee Relations, via the chain of command of the individual concerned.

[Note: This language replaces the language currently in the ROPP]

ARTICLE 33 MINIMUM STAFFING

33.2.6 At the discretion of the Fire Chief or designee, and notwithstanding the above provisions, the following vacancies need not be filled:

33.2.6.2 In addition to section 33.2.6.1, a total of three (3) employees, absent for twelve (12) hours or less, who are Executive Board members or designees, for union release time as identified in Article 49. ~~business.~~

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CITY PROPOSAL #61

Proposal Health and Dental In Lieu

Proposed Language

6.4 Payment-In-Lieu Of Health And/Or Dental Insurance Program.

6.4.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

6.4.2 Effective June 27, 2010, Eemployees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive the following per payperiod: fifty percent (50%) of the City's contribution toward the employee's health and/or dental insurance at the lowest cost single plan, or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty percent (50%) of that contribution.

	<u>Health in-lieu</u>	<u>Dental in-lieu</u>
<u>If eligible for family coverage</u>	<u>\$150.00</u>	<u>\$10.00</u>
<u>If NOT eligible for family coverage</u>	<u>\$50.00</u>	<u>\$10.00</u>

6.4.3 An employee who is already receiving other City provided medical benefits is not eligible for payment in-lieu.

6.4.43 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced work week or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

~~6.4.46~~ 6.4.5 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment or during the annual open enrollment period. Enrollment in the payment-in-lieu of insurance program may be canceled by the employee only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

~~6.4.56~~ 6.4.6 Domestic Partners. Effective October 31, 2001, IAFF members (active employees only) will be eligible to include domestic partners (per the terms and conditions as described on the Affidavit of Domestic Partnership) as dependents for benefits enrollment.

~~6.4.66~~ 6.4.7 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include but not be limited to the following situations, employment status changes from full to part time,

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employee is on an unpaid leave of absence, employee is on a reduced work week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

6.4.8.7 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

6.4.8.7.1 Health Insurance. To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu-payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carriers enrollment procedures.

6.4.8.7.2 Dental Insurance. Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two (2) dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

CITY PROPOSAL #62

Proposal Minimum Staffing

Proposed Language

ARTICLE 33 MINIMUM STAFFING

33.1 ~~The parties agree that such staffing shall be accomplished pursuant to the Minimum Staffing procedures set forth in the OAG. It is further agreed that such procedures will be revised by the parties in order to equalize minimum staffing opportunities consistent with this Agreement.~~

33.2 The City agrees to provide the following staffing levels at all times:

33.2.1 Each single piece Engine Company and the HIT team shall have a minimum of four (4) line personnel.

~~33.2.2 Each Engine Company with a hose wagon shall have a minimum of five (5) line personnel.~~

33.2.3 Each three (3) piece Engine company shall have a minimum of six (6) line personnel.

33.2.4 Each Truck Company or Urban Search and Rescue vehicle shall have a minimum of four (4) line personnel and up to a maximum of five (5) line personnel, at the discretion of the Fire Chief.

33.2.5 Each Battalion shall have a minimum of one (1) battalion chief or person acting in this capacity per shift.

33.2.6 ~~At the discretion of the Fire Chief or designee, and notwithstanding~~ Notwithstanding the above provisions, the following vacancies need not be filled:

33.2.6.1 At the discretion of the Fire Chief, A total of ten (10) employees, absent for twelve (12) hours or less, for reasons related to duties or training within their scope of work, however, no more than two (2) employees may be absent from the same battalion at one time.

33.2.6.2 In addition to section 33.2.6.1, a total of three (3) employees, absent for twelve (12) hours or less, who are Executive Board members or designees, for union business. [Please refer to City Proposal #35]

33.2.6.3 At the discretion of the Fire Chief, In addition to sections 33.2.6.1 and 33.2.6.2 no more than one (1) employee may be absent from the same battalion at one time for the following employee initiated absences if less than four and one-half (4.5) hours in duration: medical/dental

appointments, family illness, and prescribed therapy; compensatory time off, or vacation. Vacation and compensatory time off shall be provided, if approved, on a first-come first-served basis, in the event of a tie, seniority shall be the determining factor.

33.2.6.4 At the discretion of the Fire Chief, Paramedics may only be absent from their assigned company for the vacancies identified in Subsections 33.2.6.1, 33.2.6.2 and 33.2.6.3 if an accredited paramedic (a support paramedic, minimum staffer or shift trader) is available and the Advanced Life Support of the company is maintained.

33.2.7 The department will attempt to pre-staff five (5) designated holidays (Thanksgiving, Christmas Eve, Christmas Day, New Years Eve, and New Years Day), two (2) weeks in advance by offering the option to work either half shifts or the entire shift by using a Holiday pre-staffing procedure. Any additional vacancies shall be filled by regular minimum staffing and voluntary mandatory procedures.

33.3 If an employee is contacted for pre-staffing and refuses the assignment, a minimum staffing position will not be reserved for that employee.

~~33.4 Any provisions of Article 14 of this Agreement to the contrary notwithstanding, it is understood that compensation for hours of work performed as a part of implementing the staffing levels referenced above will be paid, in addition to wages earned at the appropriate rate.~~

33.3 The parties agree that such staffing shall be accomplished pursuant to the Minimum Staffing procedures set forth in the ROPP. It is further agreed that such procedures will be revised in order to conform with the provisions of this Article.

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CITY PROPOSAL #68

Proposal Healthcare Dual Coverage

Proposed Language

6.1 Health Insurance Coverage

6.1.6 An employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

6.2 Dental Plan

6.2.4 An employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.

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CITY PROPOSAL #69

Proposal Additional Retirement Contribution

Proposed Language

Effective June 27, 2010 through June 28, 2011, all employees will make an additional retirement contribution in the amount of 8.50% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Police & Fire Department Retirement Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 8.50% of pensionable compensation, as illustrated below:

Police and Fire Department Retirement (Fire) (Fiscal Year 2010-2011)			
	City	Employee	Total
Current Contribution Rates	44.61%	13.70%	58.31%
Contribution Rates With Additional Employee Contributions	36.11%	22.20%	58.31%

Note: Additional contributions made by employees do not affect the retiree healthcare rates

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

In the event that the additional employee contributions are not implemented by June 27, 2010, the additional employee contribution will increase to make up for the missed contributions. For each pay period commencing after June 27, 2010, in which the additional employee contribution rate is not increased, the additional dollar amount that would have been contributed had the increased rate been implemented on June 27, 2010, will be divided by the number of missed pay periods and that amount will be collected over the same number of pay periods after the increased rate has been implemented. For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the employee contributions for each of the subsequent four (4) pay periods would include both the contribution for the current pay period and a contribution for one (1) missed pay period.

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The parties understand that in order to implement this provision, an amendment must be made to the Police & Fire Department Retirement Plan that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Police & Fire Department Retirement Board have its actuary confirm that an increase of the employee contribution of 8.50% will reduce the City's contribution rate by 8.50%.

In the event that these additional employee retirement contributions are not implemented for any reason by September 1, 2010, or the Police & Fire Department Retirement Board's actuary confirms that the City's contribution rate could not be reduced by the same 8.50%, no additional employee contributions shall be required and the equivalent amount of 5% of total compensation would be taken as a temporary base pay reduction with retroactive deductions taken as described above.